

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TOMAH AREA SCHOOL DISTRICT  
TOMAH, WISCONSIN**

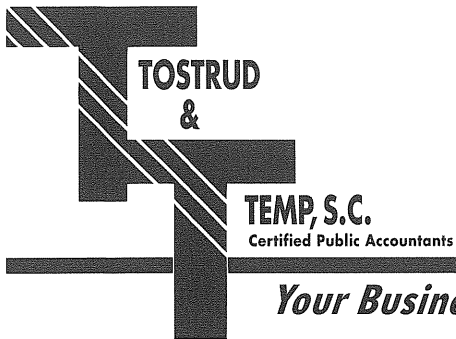
**June 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

Members of the School Board  
Tomah Area School District  
Tomah, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each fiduciary fund type, each major fund, and the aggregate remaining fund information of the Tomah Area School District ("District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Education and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each fiduciary fund type, each major fund, and the aggregate remaining fund information of the Tomah Area School District at June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 6.1 through 6.10, 40 through 41 and 44 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tomah Area School District's basic financial statements. The schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as well as the schedule of expenditures of state financial assistance, and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Tomah Area School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 2011 on our consideration of the Tomah Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

September 30, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL SECTION**

Tomah Area School District

**STATEMENT OF NET ASSETS**

June 30, 2011

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and investments	\$ 2,912,781	\$ 108,787	\$ 3,021,568
Prepaid expenses	23,476	-	23,476
Receivables			
Taxes	3,003,458	-	3,003,458
Accounts	7,951	-	7,951
Due from other governments	784,983	28,246	813,229
Inventory	-	11,386	11,386
Total current assets	<u>6,732,649</u>	<u>148,419</u>	<u>6,881,068</u>
<b>Noncurrent assets</b>			
Land and improvements	1,118,079	-	1,118,079
Buildings and improvements	30,892,370	73,409	30,965,779
Furniture and equipment	14,461,099	366,038	14,827,137
Accumulated depreciation	(22,136,079)	(168,488)	(22,304,567)
Total noncurrent assets	<u>24,335,469</u>	<u>270,959</u>	<u>24,606,428</u>
<b>Total assets</b>	<u>\$ 31,068,118</u>	<u>\$ 419,378</u>	<u>\$ 31,487,496</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of			
long-term obligations	\$ 1,215,000	\$ -	\$ 1,215,000
Accounts payable	87,142	575	87,717
Accrued liabilities			
Payroll, payroll taxes,			
and insurances	1,866,478	2,571	1,869,049
Interest	70,455	-	70,455
Deferred revenue	-	20,105	20,105
Total current liabilities	<u>3,239,075</u>	<u>23,251</u>	<u>3,262,326</u>
<b>Noncurrent liabilities</b>			
Noncurrent portion of			
long-term obligations	12,333,557	-	12,333,557
Total liabilities	<u>15,572,632</u>	<u>23,251</u>	<u>15,595,883</u>
<b>Net assets</b>			
Invested in capital assets,			
net of related debt	16,970,493	270,959	17,241,452
Restricted			
Debt service	348,545	-	348,545
Other activities	325,406	125,168	450,574
Unrestricted	(2,148,958)	-	(2,148,958)
Total net assets	<u>15,495,486</u>	<u>396,127</u>	<u>15,891,613</u>
<b>Total liabilities and     net assets</b>	<u>\$ 31,068,118</u>	<u>\$ 419,378</u>	<u>\$ 31,487,496</u>

The accompanying notes are an integral part of this statement.



Tomah Area School District  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities</b>							
<b>Current</b>							
<b>Instruction</b>							
Regular instruction	\$ 16,342,797	\$ 12,586	\$ 1,397,937	\$ -	\$ (14,932,274)	\$ -	\$ (14,932,274)
Vocational instruction	1,133,906	8,033	16,492	-	(1,109,381)	-	(1,109,381)
Special education instruction	3,531,841	-	1,418,353	-	(2,113,488)	-	(2,113,488)
Other instruction	1,530,125	86,478	15,283	-	(1,428,364)	-	(1,428,364)
Total instruction	22,538,669	107,097	2,848,065	-	(19,583,507)	-	(19,583,507)
<b>Support services</b>							
Pupil services	1,343,188	-	364,368	-	(978,820)	-	(978,820)
Instructional staff services	1,458,113	1,768	448,433	-	(1,007,912)	-	(1,007,912)
General administration services	329,979	-	-	-	(329,979)	-	(329,979)
School administration services	1,308,777	-	-	-	(1,308,777)	-	(1,308,777)
Business administration services	6,693,596	50,802	229,224	-	(6,413,570)	-	(6,413,570)
Central services	610,641	-	72,483	-	(538,158)	-	(538,158)
Insurance	301,089	-	42,215	-	(258,874)	-	(258,874)
Other support services	30,716	-	-	-	(30,716)	-	(30,716)
Total support services	12,076,099	52,570	1,156,723	-	(10,866,806)	-	(10,866,806)
<b>Non-program</b>							
Other non-program	703,732	-	195,194	-	(508,538)	-	(508,538)
Total non-program	703,732	-	195,194	-	(508,538)	-	(508,538)
<b>Debt service</b>							
	339,327	-	-	-	(339,327)	-	(339,327)
Total governmental activities	35,657,827	159,667	4,199,982	-	(31,298,178)	-	(31,298,178)
<b>Business-type activities</b>							
School food service program	1,583,078	778,721	769,659	-	-	(34,698)	(34,698)
Total school district	\$ 37,240,905	\$ 938,388	\$ 4,969,641	\$ -	(31,298,178)	(34,698)	(31,332,876)
<b>General revenues</b>							
Property taxes							
General purposes					8,976,340	-	8,976,340
Mobile home taxes					35,239	-	35,239
Debt services					1,460,807	-	1,460,807
State and federal aids not restricted to specific functions							
General					20,524,695	-	20,524,695
Other					497,529	1,200	498,729
Interest and investment earnings					11,576	445	12,021
Miscellaneous					81,063	-	81,063
Gain on sale of fixed assets					5,540	-	5,540
Total general revenues					31,592,789	1,645	31,594,434
<b>Change in net assets</b>							
					294,611	(33,053)	261,558
Net assets at July 1, 2010					15,200,875	429,180	15,630,055
Net assets at June 30, 2011					\$ 15,495,486	\$ 396,127	\$ 15,891,613

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 10, 2011

	General Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and investments	\$ 2,418,185	\$ 419,000	\$ 24	\$ 75,572	\$ 2,912,781
Prepaid expenses	23,476	-	-	-	23,476
Receivables					
Taxes	3,003,458	-	-	-	3,003,458
Accounts	7,951	-	-	-	7,951
Due from other funds	-	-	-	-	-
Due from other governments	784,983	-	-	-	784,983
Total assets	\$ 6,238,053	\$ 419,000	\$ 24	\$ 75,572	\$ 6,732,649
 <b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 87,142	\$ -	\$ -	\$ -	\$ 87,142
Accrued liabilities					
Payroll, payroll taxes, insurance	1,866,478	-	-	-	1,866,478
Due to other funds	-	-	-	-	-
Total liabilities	1,953,620	-	-	-	1,953,620
 <b>Fund balances</b>					
Restricted	249,834	419,000	24	75,572	744,430
Unrestricted					
Unassigned	4,034,599	-	-	-	4,034,599
Total fund balances	4,284,433	419,000	24	75,572	4,779,029
Total liabilities and fund balances	\$ 6,238,053	\$ 419,000	\$ 24	\$ 75,572	\$ 6,732,649

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**RECONCILIATION OF THE BALANCE SHEET -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
June 30, 2011

Fund balance - governmental funds \$ 4,779,029

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balances because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are as follows:

Governmental capital assets	\$ 46,471,548	
Governmental accumulated depreciation	(22,136,079)	24,335,469

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are as follows:

General obligation debt	(7,365,000)	
Accrued interest on general obligation debt	(70,455)	
Vested employee benefits	(6,183,557)	(13,619,012)

<b>Total net assets - governmental activities</b>	<b>\$</b>	<b><u>15,495,486</u></b>
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The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year ended June 30, 2011

	General Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>					
Property taxes	\$ 9,011,578	\$ 1,460,807	\$ -	\$ -	\$ 10,472,385
Other local sources	187,111	9,120	10	37,011	233,252
Interdistrict sources	202,393	-	-	-	202,393
Intermediate sources	15,975	-	-	-	15,975
State sources	22,023,535	-	-	-	22,023,535
Federal sources	2,855,615	-	-	21,762	2,877,377
Other sources	121,981	-	-	-	121,981
<b>Total revenues</b>	<b>34,418,188</b>	<b>1,469,927</b>	<b>10</b>	<b>58,773</b>	<b>35,946,898</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction</b>					
Regular instruction	15,489,752	-	-	13,942	15,503,694
Vocational instruction	1,116,295	-	-	-	1,116,295
Special instruction	3,431,099	-	-	-	3,431,099
Other instruction	1,466,101	-	-	4,495	1,470,596
<b>Total instruction</b>	<b>21,503,247</b>	<b>-</b>	<b>-</b>	<b>18,437</b>	<b>21,521,684</b>
<b>Support services</b>					
Pupil services	1,320,240	-	-	21,762	1,342,002
Instructional staff services	1,347,205	-	-	7,845	1,355,050
General administration services	325,091	-	-	-	325,091
Building administration services	1,308,777	-	-	-	1,308,777
Business administration services	5,556,592	-	-	1,704	5,558,296
Central services	556,691	-	-	-	556,691
Insurance	301,089	-	-	-	301,089
Other support services	30,716	-	-	-	30,716
<b>Total support services</b>	<b>10,746,401</b>	<b>-</b>	<b>-</b>	<b>31,311</b>	<b>10,777,712</b>
<b>Non-program services</b>	703,732	-	-	-	703,732
<b>Debt service</b>	7,369	1,482,107	-	-	1,489,476
<b>Capital outlay</b>	1,337,927	-	-	14,157	1,352,084
<b>Total expenditures</b>	<b>34,298,676</b>	<b>1,482,107</b>	<b>-</b>	<b>63,905</b>	<b>35,844,688</b>
Excess (deficiency) of revenues over expenditures	119,512	(12,180)	10	(5,132)	102,210
<b>Other financing sources (uses)</b>					
Proceeds from sale of fixed assets	5,540	-	-	-	5,540
Transfer to (from) capital projects fund	-	35,971	(35,971)	-	-
	5,540	35,971	(35,971)	-	5,540
<b>Net change in fund balances</b>	<b>125,052</b>	<b>23,791</b>	<b>(35,961)</b>	<b>(5,132)</b>	<b>107,750</b>
Fund balances at July 1, 2010	4,159,381	395,209	35,985	80,704	4,671,279
Fund balances at June 30, 2011	<u>\$ 4,284,433</u>	<u>\$ 419,000</u>	<u>\$ 24</u>	<u>\$ 75,572</u>	<u>\$ 4,779,029</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 Year ended June 30, 2011

**Net change in fund balances - total governmental funds** \$ 107,750

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental fund statements as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:

Capital outlay reported as expenditures in governmental fund statements	\$ 1,352,084	
Depreciation expense reported in the statement of activities	(1,651,429)	(299,345)

Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	971,265	
Special termination benefits earned in current year	(1,635,208)	(663,943)
Amounts paid are less than amounts earned by:		

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is: -

Repayments of principal on long-term debt are reported in the governmental fund statements as expenditures, but are reported as a reduction in long-term debt in the statement of net assets. There is no affect on the statement of activities.

The amount of long-term debt principal payments in the current year is: 1,145,000

In governmental fund statements, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues:

The amount of interest paid during the current year	337,107	
The amount of interest accrued during the current year	(331,958)	5,149
Interest paid is more than interest accrued by:		

**Change in net assets - governmental activities** \$ 294,611

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
June 30, 2011

**Assets**

**Current assets**

Cash and investments	\$	108,787
Accounts receivable		-
Due from other governments		28,246
Inventory		11,386
		148,419
Total current assets		148,419

**Non-current assets**

Building		73,409
Furniture and equipment		366,038
		439,447
Less accumulated depreciation		168,488
		270,959
Total non-current assets		270,959

<b>Total assets</b>	<b>\$</b>	<b>419,378</b>
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**Liabilities**

**Current liabilities**

Accounts payable	\$	575
Accrued payroll, payroll taxes and insurance		2,571
Deferred revenue - student lunch accounts		20,105
		23,251
Total current liabilities		23,251

**Net assets**

Invested in capital assets		270,959
Restricted for food service		125,168
		396,127
Total net assets		396,127

<b>Total liabilities and net assets</b>	<b>\$</b>	<b>419,378</b>
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The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
Year ended June 30, 2011

<b>Revenues</b>	
Food sales	\$ 778,721
State sources	25,355
Federal sources	654,958
Federal commodities	89,346
Other	1,200
	1,549,580
<b>Operating expenses</b>	
Salaries and wages	552,955
Employer paid benefits	206,104
Purchased services	29,889
Supplies, food and materials	767,156
Other	141
Depreciation	26,833
	1,583,078
<b>Operating income</b>	(33,498)
<b>Non-operating revenue</b>	
Interest income	445
	445
<b>Change in net assets</b>	(33,053)
Net assets at beginning of year	429,180
Net assets at end of year	\$ 396,127

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
Year ended June 30, 2011

**Decrease in Cash and Cash Equivalents**

<b>Cash flows from operating activities:</b>	
Cash received from user charges	\$ 783,901
Cash received from other government payments	660,785
Cash payments to employees for services	(759,887)
Cash payments for utilities and other purchased services	(29,889)
Cash payments to suppliers for goods and services	(670,524)
Cash payments for other operating expenses	<u>(141)</u>
Net cash used in operating activities	(15,755)
<b>Cash flows used in capital and related financing activities:</b>	
Capital expenditures	(95,890)
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>445</u>
Net decrease in cash and cash equivalents	(111,200)
Cash and cash equivalents at beginning of year	<u>219,987</u>
Cash and cash equivalents at end of year	<u><u>\$ 108,787</u></u>

**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating loss	\$ (33,498)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	26,833
Changes in net assets and liabilities	
Decrease in accounts receivable	145
(Increase) in due from other governments	(19,528)
Decrease in inventory	19,986
(Decrease) in accounts payable	(12,700)
(Decrease) in accrued liabilities	(828)
Increase in deferred revenue	<u>3,835</u>
	<u>17,743</u>
Net cash used in operating activities	<u><u>\$ (15,755)</u></u>

**Non-cash non-capital financing activities**

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$89,346.

The accompanying notes are an integral part of this statement.



Tomah Area School District  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
<b>Assets</b>				
Cash and cash equivalents	\$ <u>120,012</u>	\$ <u>76,708</u>	\$ <u>168,981</u>	\$ <u>365,701</u>
<b>Liabilities</b>				
Due to student groups	\$ <u>120,012</u>	\$ -	\$ -	\$ <u>120,012</u>
	120,012	-	-	120,012
<b>Net assets</b>				
Reserved for scholarships	-	76,708	-	76,708
Reserved for employee post-employment benefits	-	-	168,981	168,981
Total net assets	<u>-</u>	<u>76,708</u>	<u>168,981</u>	<u>245,689</u>
 Total liabilities and net assets	 <u>\$ 120,012</u>	 <u>\$ 76,708</u>	 <u>\$ 168,981</u>	 <u>\$ 365,701</u>

**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
Year ended June 30, 2011

<b>Additions</b>				
Gifts and contributions	\$ -	\$ 14,025	\$ -	\$ 14,025
Interest income	-	555	2,340	2,895
Employee trust fund contribution	-	-	1,085,629	1,085,629
	<u>-</u>	<u>14,580</u>	<u>1,087,969</u>	<u>1,102,549</u>
<b>Deductions</b>				
Scholarships awarded	-	14,700	-	14,700
Employee benefits	-	-	1,033,629	1,033,629
	<u>-</u>	<u>14,700</u>	<u>1,033,629</u>	<u>1,048,329</u>
 <b>Net change in assets</b>	 -	 (120)	 54,340	 54,220
 Net assets at beginning of year	 <u>-</u>	 <u>76,828</u>	 <u>114,641</u>	 <u>191,469</u>
 Net assets at end of year	 <u>\$ -</u>	 <u>\$ 76,708</u>	 <u>\$ 168,981</u>	 <u>\$ 245,689</u>

The accompanying notes are an integral part of these statements.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The Tomah Area School District (the "District") is organized as a common school district. The District, governed by a seven member elected school board, operates grades kindergarten through 12 and is comprised of all or parts of twenty-two (22) taxing districts.

The financial statements of the Tomah Area School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

**B. Component Units**

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. It was determined that the District has no component units, and it is not included in any other governmental reporting entity.

**C. Basis of Presentation**

**District-wide Statements** - The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; and

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

**District-wide Statements - Continued**

(b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** - The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

**General fund** - This is the District's primary operating fund. It accounts for all financial activity not required to be accounted for in another fund. In previous years, special education revenues and expenses were accounted for in a separate special revenue fund.

**Debt service fund** - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

**Capital Projects fund** - This fund accounts for resources from long-term borrowing, segregated tax levy and other designated revenues used for the acquisition, construction and maintenance of capital facilities and other fixed assets.

The District operates one enterprise fund, the **food service fund**. This fund accounts for the activities of the District's food service programs, generally school breakfast and hot lunch.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

The District accounts for assets held as an agent for various student organizations, scholarship donations and an employee benefit trust fund in fiduciary funds.

**D. Measurement Focus and Basis of Accounting**

The District-wide proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Reports for the District's food service fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

All investments are stated at fair market value. Determination of fair value for investment in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

**F. Receivables and Payables**

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of February, the collecting municipalities pay proportionate shares of tax collections received through the last day of the preceding month to the District. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Any amounts reported on the statement of net assets for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G. Inventory**

The District's food service inventory is valued at the lower of cost or market on a first-in, first-out basis.

**H. Other Assets**

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as expenditures would result in more than one year's cost being recorded. Prepaid supplies are valued at cost.

**I. Capital Assets**

Capital assets with a minimum cost of \$5,000 are reported at actual cost where possible; otherwise estimated cost was used based on District estimates of original cost. Donated assets are reported at estimated fair market value on the date received.

Depreciable assets are depreciated over their useful lives by the straight-line method. Estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years

**J. Retirement Plans**

District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when corresponding salaries or wages are accrued.

**K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The District's policy allows employees with at least fifteen years service to accumulate a maximum of 120 days of sick pay. In addition, non-teachers must have attained the age of fifty-five. Upon retirement or termination, the employee is paid for one-half of his/her accumulated sick pay based upon an average of his/her last five years' pay.

In the governmental statements, the payment of benefits is recorded as expenditures in the fiscal year when these amounts are paid. In the statement of activities, the benefits are recorded when earned.

For teachers retiring during fiscal years ending June 30, 2008 and 2009, the District offers an early retirement package to teachers who have reached age 55 by August 15 of the year the retirement goes into effect and have taught in the District a minimum of fifteen years. The benefit will be the retiree's monthly group health insurance premium in effect on the employee's retirement date for a period of ten years. Surviving spouse coverage also applies.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts - Continued**

For teachers hired prior to the 2007-2008 school year, the District offers post-retirement benefits to teachers who have reached age 55 by August 15 of the year the retirement goes into effect and have taught in the District a minimum of fifteen years. Teachers must have a sum equal to or greater than 75 of the teacher's age and years of continuous service. Teachers may choose one of the following options for post retirement:

- a. The District will deposit into a Health Reimbursement account an amount equal to the teacher's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months, or
- b. The District will deposit into a Health Reimbursement Account an amount equal to 100% of the premium rate on June 30 of the year the retirement is to commence. The deposits will be made on a monthly basis and will cease after 84 months. This option will not be available after June 30, 2013. Surviving spouse coverage also applies.

For teachers hired during the 2007-2008 school year and thereafter, the District will deposit \$1,500 per year into an investment account during the term of the teacher's employment with the District for a period not to exceed 25 years. The District will retain title and control of the investment account until the teacher has completed five years of continuous service in the District. If the teacher's employment relationship is severed prior to completing five years of continuous service, any deposits and accrued interest in the investment account will remain the sole property of the District.

Accumulated unpaid vacation is lost upon termination. See note 10 for additional information about these benefits and the related liability.

**L. Deferred Revenue**

The District maintains prepaid family lunch accounts for student lunches. The District records these balances as deferred revenue.

**M. Net Asset Designations**

The District classifies its net assets as follows:

- a. Invested in capital assets, net of related debt represents the net depreciated value of capital assets less any remaining debt owed that was incurred to finance the acquisition of such assets.
- b. Restricted net assets indicate that portion of net assets that have been legally segregated for specific purposes.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**M. Net Asset Designations - Continued**

- c. Unrestricted net assets indicate that portion of net assets for which the District has no legal financial obligation.

**N. Fund Balance Designations**

The District classifies its fund balance as follows:

- a. Unrestricted, unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.
- b. Unrestricted, assigned fund balances include amounts that can be spent only for specific purposes stipulated by representatives designated by the board.
- c. Unrestricted, committed fund balances include amounts that can be spent only for specific purposes approved by the board.
- d. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).

Fund balance classifications for restricted and all categories of unrestricted amounts are considered to have been spent when an expenditure is incurred.

**O. Budgetary Accounting**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- ◆ Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- ◆ The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- ◆ A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- ◆ Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- ◆ Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in



Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**O. Budgetary Accounting - Continued**

the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

- ◆ Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

**P. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Q. Subsequent Events**

The District has evaluated subsequent events through September 30, 2011, the date which the financial statements were available to be issued.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expense adjustments report the differences between the two accounting methods in recognizing vested employee benefits.
- b. Capital asset related differences between recording expenditures for the purchase of capital items in the governmental fund statements versus increasing non-current assets on the statement of net assets and recording depreciation expense on all capital items in the statement of activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net assets, and interest expense is recorded in the statement of activities as incurred.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS - CONTINUED**

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
<b>Revenues and other sources</b>					
Property taxes	\$ 10,472,385	\$ -	\$ -	\$ -	\$ 10,472,385
Other local sources	233,252	-	-	-	233,252
Interdistrict sources	202,393	-	-	-	202,393
Intermediate sources	15,975	-	-	-	15,975
State sources	22,023,535	-	-	-	22,023,535
Federal sources	2,877,377	-	-	-	2,877,377
Other sources	121,981	-	-	-	121,981
Proceeds from sale of fixed assets	5,540	-	(5,540)	-	-
Gain on sale of fixed assets	-	-	5,540	-	5,540
<b>Total revenues</b>	<b>35,952,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,952,438</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction</b>					
Regular instruction	15,503,694	564,352	274,751	-	16,342,797
Vocational instruction	1,116,295	-	17,611	-	1,133,906
Special instruction	3,431,099	99,591	1,151	-	3,531,841
Other instruction	1,470,596	-	59,529	-	1,530,125
<b>Support services</b>					
Pupil	1,342,002	-	1,186	-	1,343,188
Instructional staff	1,355,050	-	103,063	-	1,458,113
<b>General</b>					
administration	325,091	-	4,888	-	329,979
<b>Building</b>					
administration	1,308,777	-	-	-	1,308,777
<b>Business</b>					
administration	5,558,296	-	1,135,300	-	6,693,596
Central	556,691	-	53,950	-	610,641
Insurance	301,089	-	-	-	301,089
Other support services	30,716	-	-	-	30,716
Non-program	703,732	-	-	-	703,732
Debt service	1,489,476	-	-	(1,150,149)	339,327
Capital outlay	1,352,084	-	(1,352,084)	-	-
<b>Total expenditures</b>	<b>35,844,688</b>	<b>663,943</b>	<b>299,345</b>	<b>(1,150,149)</b>	<b>35,657,827</b>
<b>Net change for the year</b>	<b>\$ 107,750</b>	<b>\$ (663,943)</b>	<b>\$ (299,345)</b>	<b>\$ 1,150,149</b>	<b>\$ 294,611</b>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of net assets	
Governmental activities	\$ 2,912,781
Business-type activities	<u>108,787</u>
	3,021,568
Fiduciary funds	<u>365,701</u>
	<u>\$ 3,387,269</u>

Cash and investments as of June 30, 2011 consist of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 2,788,819	\$ 2,229,481
Passbook savings	4,075	4,075
Certificates of deposit	175,015	175,015
Trust fund	168,981	1,202,610
Local government investment pool	<u>250,379</u>	<u>250,379</u>
Total	<u>\$ 3,387,269</u>	<u>\$ 3,861,560</u>

**Investments Authorized by the District's Investment Policy**

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603. The District's investment policy is to invest in authorized funds that maximize the returns on the District's cash balances consistent with the safety of those monies and with the desired liquidity of the investments.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's policy is to invest in funds that mature in not more than three years. As of year end, the weighted average maturity of the investments in certificates of deposit is 6.4 months.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District holds no securities that are rated by a nationally recognized statistical rating organization.

**Concentration of Credit Risk**

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The District's investment policy does not specifically address guidelines regarding concentration of credit risk.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The District does not have an investment policy that would limit the exposure to custodial credit risk for deposits. The District has securities pledged in its name to cover deposits exceeding federal depository insurance limits in the amount of \$250,000. The Wisconsin State Deposit Guarantee Fund provides coverage for uninsured and uncollateralized cash and investments for up to an additional \$400,000, but collection is not certain due to the limited size of the fund.

At June 30, 2011, the District has no deposits with financial institutions in excess of federal depository insurance limits that were not collateralized or covered by the Wisconsin State Deposit Guarantee Fund. Amounts may have exceeded these coverage limits during the fiscal year.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 4 - TRANSFERS**

Interfund transfers for the year ended June 30, 2011 are as follows:

TRANSFERS FROM	TRANSFERS TO
Capital Projects Fund	Debt Service Fund
	35,971

**NOTE 5 - SHORT-TERM NOTES PAYABLE**

The District has no short-term notes payable at June 30, 2011. During the year, the District took out two short-term notes. The District borrowed \$2,500,000 in November of 2010 and repaid the note in December 2010. The District also borrowed \$2,600,000 in May and June of 2011 and repaid the note in June 2011. Interest expense for the fiscal year on short-term borrowing was \$7,369.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 6 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2011 are as follows:

	Balances at July 1, 2010	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2011
<b>Governmental Activities</b>				
Land (non-depreciable) and site improvements	\$ 1,110,969	\$ 7,110	\$ -	\$ 1,118,079
Buildings and building improvements	30,859,944	32,426	-	30,892,370
Furniture and equipment	13,232,486	1,312,548	83,935	14,461,099
Totals	<u>45,203,399</u>	<u>1,352,084</u>	<u>83,935</u>	<u>46,471,548</u>
Less accumulated depreciation				
Site improvements	391,365	49,839	-	441,204
Buildings and building improvements	11,098,904	724,136	-	11,823,040
Furniture and equipment	9,078,316	877,454	83,935	9,871,835
Totals	<u>20,568,585</u>	<u>1,651,429</u>	<u>83,935</u>	<u>22,136,079</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 24,634,814</u>	<u>\$ (299,345)</u>	<u>\$ -</u>	<u>\$ 24,335,469</u>
<b>Business-Type Activities</b>				
Building	\$ 38,932	\$ 34,477	\$ -	\$ 73,409
Furniture and equipment	304,625	61,413	-	366,038
Totals	<u>343,557</u>	<u>95,890</u>	<u>-</u>	<u>439,447</u>
Less accumulated depreciation				
Building	13,214	4,071	-	17,285
Furniture and equipment	128,441	22,762	-	151,203
Totals	<u>141,655</u>	<u>26,833</u>	<u>-</u>	<u>168,488</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 201,902</u>	<u>\$ 69,057</u>	<u>\$ -</u>	<u>\$ 270,959</u>

Depreciation expense was allocated to governmental activities based on functional expense totals as they relate to total functional expenses in the following categories:

Regular instruction	\$ 274,751
Vocational instruction	17,611
Special education instruction	1,151
Other instruction	59,529
Pupil services	1,186
Instructional staff services	103,063
School administration services	4,888
Business administration services	1,135,300
Central services	53,950
	<u>\$ 1,651,429</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 7 - LONG-TERM OBLIGATIONS**

Long-term balances and activity for the year ended June 30, 2011 are as follows:

	Balances at July 1, 2010	Additions	Reductions and Adjustments	Balances at June 30, 2011
<b>Governmental Activities</b>				
General obligation bonds	\$ 8,510,000	\$ -	\$ 1,145,000	\$ 7,365,000
Vacation and sick payable	1,520,367	34,886	30,426	1,524,827
Post retirement health care & other benefits	<u>3,999,247</u>	<u>1,600,322</u>	<u>940,839</u>	<u>4,658,730</u>
Total governmental activity long-term obligations	<u>\$ 14,029,614</u>	<u>\$ 1,635,208</u>	<u>\$ 2,116,265</u>	<u>\$ 13,548,557</u>

The current portion (due within one year) of long-term obligations at June 30, 2011 consists of:

General obligation bonds	\$ 1,185,000
Vacation and sick payable	30,000
Post retirement health care and other benefits	<u>-</u>
Total current portion of long-term obligations	<u>\$ 1,215,000</u>

Payments on bonds and notes are made by the Debt Service Fund. Vested employee benefits reported as due within one year have been estimated by the District. The benefits will be paid by several of the governmental funds.

Total interest accrued and paid, including fiscal agent fees of \$0, for the year ended June 30, 2011 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 7,369	\$ 7,369
Long-term obligations	<u>331,958</u>	<u>337,107</u>
Totals	<u>\$ 339,327</u>	<u>\$ 344,476</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED**

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2011	Current Maturities
Refunding					
Bonds	1/12/2007	4%	4/1/2014	\$ 2,115,000	\$ 675,000
	2/15/2007	4.00-4.25%	4/1/2021	4,200,000	345,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>1,050,000</u>	<u>165,000</u>
Total general obligation debt				<u>\$ 7,365,000</u>	<u>\$ 1,185,000</u>

The 2010 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,301,962,442. The legal debt limit and margin of indebtedness as of June 30, 2011 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,301,962,442)	\$ 130,196,244
Deduct long-term debt applicable to debt margin	<u>7,365,000</u>
Margin of indebtedness	<u>\$ 122,831,244</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and loans at June 30, 2011 follows:

Year ended June 30	Principal	Interest	Total
2012	\$ 1,185,000	\$ 294,507	\$ 1,479,507
2013	1,230,000	249,583	1,479,583
2014	1,280,000	202,445	1,482,445
2015	565,000	152,945	717,945
2016	590,000	131,220	721,220
2017-2020	<u>2,515,000</u>	<u>312,917</u>	<u>2,827,917</u>
Totals	<u>\$ 7,365,000</u>	<u>\$ 1,343,617</u>	<u>\$ 8,708,617</u>



Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 8 - EMPLOYEE RETIREMENT PLAN**

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.2% of their salary (3.2% for executives and elected officials, 5.5% for protective occupations with social security, and 3.9% for protective occupations without social security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Tomah Area School District employees covered by the System for the year ended December 31, 2009 was \$18,010,290; the employer's total payroll was \$19,010,073. The total required contribution for the year ended December 31, 2010 was \$1,981,132, which consisted of \$864,494, or 4.8% of payroll from the employer and \$1,116,638, or 6.2% of payroll from employees. Total contributions for the years ending December 31, 2009 and 2008 were \$1,810,488 and \$1,787,859, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive retirement benefits. Employees may retire at age 55, (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

In addition to the pension benefits described in Note 9, the District provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of these benefit programs are summarized on the previous page. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were 62 retirees receiving benefits and 41 employees were eligible to receive benefits in the fiscal year ended June 30, 2011.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and used to determine the Other Post-Employment Benefits (OPEB) liability of the District include using Projected Unit Credit for pay-related benefits method, a 4% discount rate based on the plan being funded into an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio, no expenses, and an initial healthcare trend rate of 6.0% in 2008, 9.5% in 2009, 9.0% in 2011 with a one-half percent per year decrease annually until leveling off in 2016 and later at 6%. The UAAL is being amortized over 30 years using the level dollar method. Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees of the Tomah Area School District.

The discount rate was chosen assuming that the plan will be funded into an irrevocable trust at the minimum level required by the Wisconsin Department of Public Instruction to receive categorical aid. If the District chooses to fund the plan at a different level, the discount rate must be adjusted accordingly to reflect the rate of return on the assets which will be used to pay the benefits.

*Funding Policy.* The plan is being funded by making contributions into an irrevocable employee benefit trust in an amount at least equal to the minimum required by the Department of Public Instruction (DPI) to receive categorical aid. At June 30, 2011, the District has \$168,981 in its OPEB trust. The general fund, special education, and food service funds are used for funding of all pension/retirement benefits. The employer makes all contributions.

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the current year is:

<u>Component</u>	<u>Amount</u>
Annual required contribution	\$ 1,440,352
Interest on net pension obligation	159,970
Annual pension cost (expense)	1,600,322
Pension payments made	940,839
Increase in net pension obligation	659,483
Net pension obligation - beginning of year	3,999,247
Net pension obligation - end of year	<u>\$ 4,658,730</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

A description of the single-employer benefit plan is as follows:

	<b>Teachers and District Office Employees Hired Before June 30, 2007</b>		<b>Administrators Hired Before June 30, 2009</b>	
	<b>Effective for retirement dates before 7/1/09</b>	<b>Effective for retirement dates after 7/1/09</b>	<b>Effective for retirement dates before 7/1/09</b>	<b>Effective for retirement dates after 7/1/09</b>
Eligibility - Age	55	55	57	55
Eligibility - Service	15 years	15 years	8 years	15 years
Age plus service	N/A	75	N/A	75
Benefit Duration	10 years	Paid over 84 months	8 years	Paid over 84 months
Medical	100% of premium; frozen at rate at retirement (Medicare supplement rate paid after age 65)	Choice of \$4,000 per year of service, not to exceed 40 years, or 100% of premium; frozen at rate at retirement	10 Years of Service - 50% 15 Years of Service - 75% 20 Years of Service - 100%	Choice of \$4,000 per year of service, not to exceed 40 years, or 100% of premium; frozen at rate at retirement
Survivor's Benefit	Yes	Yes	Yes	Yes

For teachers and district office employees hired after June 30, 2007 and for administrators hired after June 30, 2009, the District will deposit \$1,500 per year into an investment account during the term of the employees' employment with the District for a period not to exceed 25 years. This is in lieu of any post-retirement health benefits. The District will retain title and control of the investment account until the employee has completed 5 years of continuous service in the District. If the employment relationship is severed prior to completing the five years of service, any deposits and accrued interest in the investment account will remain the sole property of the District.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

In addition to the pension benefits described in Note 9, the District provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of these benefit programs are summarized on the previous page. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were 62 retirees receiving benefits and 41 employees were eligible to receive benefits in the fiscal year ended June 30, 2011.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and used to determine the Other Post-Employment Benefits (OPEB) liability of the District include using Projected Unit Credit for pay-related benefits method, a 4% discount rate based on the plan being funded into an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio, no expenses, and an initial healthcare trend rate of 6.0% in 2008, 9.5% in 2009, 9.0% in 2011 with a one-half percent per year decrease annually until leveling off in 2016 and later at 6%. The UAAL is being amortized over 30 years using the level dollar method. Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees of the Tomah Area School District.

The discount rate was chosen assuming that the plan will be funded into an irrevocable trust at the minimum level required by the Wisconsin Department of Public Instruction to receive categorical aid. If the District chooses to fund the plan at a different level, the discount rate must be adjusted accordingly to reflect the rate of return on the assets which will be used to pay the benefits.

*Funding Policy.* The plan is being funded by making contributions into an irrevocable employee benefit trust in an amount at least equal to the minimum required by the Department of Public Instruction (DPI) to receive categorical aid. At June 30, 2011, the District has \$168,981 in its OPEB trust. The general fund, special education, and food service funds are used for funding of all pension/retirement benefits. The employer makes all contributions.

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the current year is:

<u>Component</u>	<u>Amount</u>
Annual required contribution	\$ 1,440,352
Interest on net pension obligation	159,970
Annual pension cost (expense)	1,600,322
Pension payments made	940,839
Increase in net pension obligation	659,483
Net pension obligation - beginning of year	3,999,247
Net pension obligation - end of year	<u>\$ 4,658,730</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

*Funded Status and Funding Progress.* The District implemented GASB Statement No. 45 for the first time for the fiscal year ending June 30, 2009. See page 39 for information on funding status and progress.

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2011	\$1,600,322	58.79%	\$4,658,730
6/30/2010	\$2,768,543	33.70%	\$3,999,247
6/30/2009	\$2,786,626	22.35%	\$2,163,756

GASB Statement No. 45 required that the Tomah Area School District implement this new standard for the fiscal year 2009, which began July 1, 2008. The District established the "Tomah Area School District Post Employment Trust" and chose to implement this standard prospectively, meaning that the liability started at zero on July 1, 2008, but the liability will grow every year that the District does not make contributions equal to the annual OPEB cost.

**NOTE 10 - FUND BALANCES AND NET ASSETS**

Fund Balance

At June 30, 2011, the District has a restricted general fund balance of \$249,834 for payments due to qualifying individual employee 403(b) retirement plans and the remaining \$4,034,599 of the general fund balance is unassigned.

Net Assets

At June 30, 2011, food service net assets of \$270,959 were invested in fixed assets, and \$125,168 was restricted for food service programs.

At June 30, 2011, the Governmental Activities net asset balance after subtracting capital assets net of related debt, and the amounts restricted for debt service and other activities is (\$2,148,958).

**NOTE 11 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2011:

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Regular instruction	\$ 7,681
Special instruction	28,862
Pupil services	932

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2011

**NOTE 12 - OPERATING LEASE, AS LESSEE**

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through December, 2015. Lease expenses for the year ended June 30, 2011 were \$93,466. Minimum annual rentals are as follows:

Year ended June 30, 2012	\$	65,625
2013		65,625
2014		65,625
2015		64,002
2016		<u>35,808</u>
Total minimum payments required	\$	<u><u>296,685</u></u>

**NOTE 13 - CONTRACTUAL OBLIGATIONS**

The District has entered into long-term service agreements for preventive maintenance on the heating and air conditioning equipment in all schools and the administrative offices. Another agreement was entered into regarding environmental/occupational health and safety compliance. Contractual obligation expenses for the year ended June 30, 2011 were \$100,698. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance	Health and Safety Compliance	Totals
Year ended June 30, 2012	\$ 103,705	\$ 7,264	\$ 110,969
2013	106,816	5,570	112,386
2014	110,019	-	110,019
2015	<u>27,706</u>	<u>-</u>	<u>27,706</u>
Total minimum Contractual payments	\$ <u><u>348,246</u></u>	\$ <u><u>12,834</u></u>	\$ <u><u>361,080</u></u>

**NOTE 14 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 15 - LIMITATION ON SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- ◆ A resolution of the school board or by referendum prior to August 12, 1993
- ◆ A referendum on or after August 12, 1993

**SUPPLEMENTAL FINANCIAL INFORMATION**

Tomah Area School District  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR**  
**POST-EMPLOYMENT BENEFIT PLANS**  
Year ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Other Post-employment Benefits</u>						
6/29/2011	\$ 168,981	\$ 27,573,748	\$ 27,404,767	0.61%	\$ 14,015,788	195.53%
6/30/2010	114,641	23,213,747	23,099,106	0.49%	13,595,369	169.90%
6/30/2009	64,573	24,817,279	24,752,706	0.26%	13,685,404	180.87%
6/30/2008	33,906	23,213,747	23,179,841	0.15%	12,722,890	182.19%
6/30/2007	5,000	11,156,748	11,151,748	0.04%	11,570,298	96.38%



Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 9,110,476	\$ 9,016,340	\$ 9,011,578	\$ (4,762)
Other local sources	174,950	180,135	187,111	6,976
Interdistrict sources	276,516	200,572	202,393	1,821
Intermediate sources	14,000	13,495	15,975	2,480
State sources	21,807,667	22,045,407	22,023,535	(21,872)
Federal sources	2,896,773	2,795,148	2,855,615	60,467
Other sources	135,365	120,461	121,981	1,520
<b>Total revenues</b>	<b>34,415,747</b>	<b>34,371,558</b>	<b>34,418,188</b>	<b>46,630</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	15,315,844	15,921,411	15,929,092	(7,681)
Vocational instruction	1,232,034	1,163,334	1,163,334	-
Special instruction	3,402,452	3,402,451	3,431,313	(28,862)
Other instruction	1,509,229	1,487,895	1,484,940	2,955
<b>Total instruction</b>	<b>21,459,559</b>	<b>21,975,091</b>	<b>22,008,679</b>	<b>(33,588)</b>
<b>Support services</b>				
Pupil services	1,335,020	1,319,308	1,320,240	(932)
Instructional staff services	1,454,203	1,485,440	1,469,533	15,907
General administration services	337,455	325,091	325,091	-
Building administration services	1,329,935	1,319,285	1,319,285	-
Business administration services	5,818,042	6,246,360	6,206,329	40,031
Central services	592,889	635,326	606,613	28,713
Insurance	273,709	301,089	301,089	-
Principal and interest	20,000	7,369	7,369	-
Other support services	755,276	30,716	30,716	-
<b>Total support services</b>	<b>11,916,529</b>	<b>11,669,984</b>	<b>11,586,265</b>	<b>83,719</b>
<b>Non-program services</b>	<b>1,066,687</b>	<b>870,189</b>	<b>703,732</b>	<b>166,457</b>
<b>Total expenditures</b>	<b>34,442,775</b>	<b>34,515,264</b>	<b>34,298,676</b>	<b>216,588</b>
<b>Excess of revenues over expenditures</b>	<b>(27,028)</b>	<b>(143,706)</b>	<b>119,512</b>	<b>263,218</b>
<b>Other financing sources (uses)</b>				
Proceeds from sale of fixed assets	7,000	7,060	5,540	(1,520)
	<u>7,000</u>	<u>7,060</u>	<u>5,540</u>	<u>(1,520)</u>
<b>Net change in fund balance</b>	<b>(20,028)</b>	<b>(136,646)</b>	<b>125,052</b>	<b>261,698</b>
Fund balance at July 1, 2010	<u>4,159,381</u>	<u>4,159,381</u>	<u>4,159,381</u>	<u>-</u>
Fund balance at June 30, 2011	<u>\$ 4,139,353</u>	<u>\$ 4,022,735</u>	<u>\$ 4,284,433</u>	<u>\$ 261,698</u>

Tomah Area School District

**BALANCE SHEET**  
**DEBT SERVICE FUNDS**

June 30, 2011

	<u>Referendum</u>	<u>Non-Referendum</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ <u>398,438</u>	\$ <u>20,562</u>	\$ <u>419,000</u>
Total assets	\$ <u><u>398,438</u></u>	\$ <u><u>20,562</u></u>	\$ <u><u>419,000</u></u>
<b>Liabilities and fund balances</b>			
<b>Fund balances</b>			
Unreserved			
Undesignated	\$ <u>398,439</u>	\$ <u>20,561</u>	\$ <u>419,000</u>
Total liabilities and fund balances	\$ <u><u>398,439</u></u>	\$ <u><u>20,561</u></u>	\$ <u><u>419,000</u></u>

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUNDS**  
Year ended June 30, 2011

	Referendum	Non-Referendum	Total
<b>Revenues</b>			
Property taxes	\$ 1,264,125	\$ 196,682	\$ 1,460,807
Other local sources	9,120	-	9,120
Total revenues	1,273,245	196,682	1,469,927
<b>Expenditures</b>			
Support services			
Principal and interest	1,283,825	198,282	1,482,107
Total expenditures	1,283,825	198,282	1,482,107
Excess (deficiency) of revenues over expenditures	(10,580)	(1,600)	(12,180)
<b>Other financing sources (uses)</b>			
Transfer from capital projects fund	35,971	-	35,971
<b>Net change in fund balance</b>	25,391	(1,600)	23,791
Fund balance at July 1, 2010	373,048	22,161	395,209
Fund balance at June 30, 2011	\$ 398,439	\$ 20,561	\$ 419,000

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**REFERENDUM DEBT**  
Year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues</b>				
Property taxes	\$ 1,264,125	\$ 1,264,125	\$ 1,264,125	\$ -
Other local sources	-	9,120	9,120	-
Total revenues	1,264,125	1,273,245	1,273,245	-
<b>Expenditures</b>				
Support services				
Principal and interest	1,283,825	1,283,825	1,283,825	-
Total expenditures	1,283,825	1,283,825	1,283,825	-
Excess (deficiency) of revenues over expenditures	(19,700)	(10,580)	(10,580)	-
<b>Other financing sources (uses)</b>				
Transfer from capital projects fund	-	35,971	35,971	-
<b>Net change in fund balance</b>	(19,700)	25,391	25,391	-
Fund balance at July 1, 2010	373,048	373,048	373,048	-
Fund balance at June 30, 2011	\$ <u>353,348</u>	\$ <u>362,468</u>	\$ <u>362,468</u>	\$ <u>-</u>

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**NON-REFERENDUM DEBT**  
Year ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property taxes	\$ 196,682	\$ 196,682	\$ 196,682	\$ -
Total revenues	196,682	196,682	196,682	-
<b>Expenditures</b>				
Support services Principal and interest	198,282	198,282	198,282	-
Total expenditures	198,282	198,282	198,282	-
<b>Net change in fund balance</b>	(1,600)	(1,600)	(1,600)	-
Fund balance at July 1, 2010	22,161	22,161	22,161	-
Fund balance at June 30, 2011	<u>\$ 20,561</u>	<u>\$ 20,561</u>	<u>\$ 20,561</u>	<u>\$ -</u>

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
Year ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ 10	\$ 10
Total revenues	-	-	10	10
<b>Expenditures</b>				
<b>Support services</b>				
Business admin- istration services	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over expenditures	-	-	10	10
<b>Other financing sources (uses)</b>				
Transfer to debt service fund	(35,984)	(35,984)	(35,971)	13
<b>Net change in fund balance</b>	(35,984)	(35,984)	(35,961)	23
Fund balance at July 1, 2010	35,985	35,985	35,985	-
Fund balance at June 30, 2011	\$ (35,983)	\$ (35,983)	\$ 24	\$ 46

Tomah Area School District  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2011

	Special Revenue Funds		
	Special Revenue Trust Fund	Indian Education Fund	Total
<b>Assets</b>			
Cash and investments	\$ <u>75,572</u>	\$ <u>-</u>	\$ <u>75,572</u>
Total assets	\$ <u><u>75,572</u></u>	\$ <u><u>-</u></u>	\$ <u><u>75,572</u></u>
<b>Liabilities and fund balances</b>			
<b>Fund balances</b>			
Unreserved Undesignated	\$ <u>75,572</u>	\$ <u>-</u>	\$ <u>75,572</u>
Total liabilities and fund balances	\$ <u><u>75,572</u></u>	\$ <u><u>-</u></u>	\$ <u><u>75,572</u></u>

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2011

	Special Revenue Funds		Total
	Special Revenue Trust Fund	Indian Education Fund	
<b>Revenues</b>			
Other local sources	\$ 37,011	\$ -	\$ 37,011
Federal sources	-	21,762	21,762
 Total revenues	 37,011	 21,762	 58,773
<b>Expenditures</b>			
<b>Instruction</b>			
Regular instruction	13,942	-	13,942
Other instruction	12,431	-	12,431
Total instruction	26,373	-	26,373
<b>Support services</b>			
Pupil services	-	21,762	21,762
Instructional staff services	10,540	-	10,540
Business administration	5,230	-	5,230
Total support services	15,770	21,762	37,532
 Total expenditures	 42,143	 21,762	 63,905
<b>Net change in fund balance</b>	(5,132)	-	(5,132)
 Fund balance at July 1, 2010	 80,704	 -	 80,704
 Fund balance at June 30, 2011	 \$ 75,572	 \$ -	 \$ 75,572



Tomah Area School District  
**PUPIL ACTIVITY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
Year ended June 30, 2011

	Balance at July 1, 2010	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2011
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 134,738	\$ 500,240	\$ 514,966	\$ 120,012
Total assets	<u>\$ 134,738</u>	<u>\$ 500,240</u>	<u>\$ 514,966</u>	<u>\$ 120,012</u>
 <b>LIABILITIES</b>				
Due to student organizations				
Camp Douglas	\$ 1,010	\$ 227	\$ 254	\$ 983
District office	14,137	6,785	5,798	15,124
La Grange	3,700	7,797	8,879	2,618
Lemonweir	2,296	15,734	13,873	4,157
Miller	1,363	4,632	4,968	1,027
Middle School	15,832	137,471	132,319	20,984
Oakdale	547	1,045	1,125	467
Senior High School	92,299	315,284	336,853	70,730
Warrens	2,047	1,764	1,953	1,858
Wyeville	695	6,653	5,814	1,534
Learning Center	812	2,848	3,130	530
Total liabilities	<u>\$ 134,738</u>	<u>\$ 500,240</u>	<u>\$ 514,966</u>	<u>\$ 120,012</u>

Tomah Area School District  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2011

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2010	Expenditures	Revenues		Receivable at June 30, 2011
					Grantor	Local	
<b>United States Department of Agriculture</b>							
Passed through Wisconsin Department of Public Instruction							
Food Distribution	10.550						
July 1, 2010 to June 30, 2011		N/A	\$ -	\$ 89,346	\$ 89,346	\$ -	\$ -
School Breakfast Program	10.553						
July 1, 2010 to June 30, 2011		N/A	-	124,758	95,337	25,747	3,674
National School Lunch Program	10.555						
July 1, 2010 to June 30, 2011		N/A	-	896,406	475,495	403,790	17,121
Special Milk Program	10.556						
July 1, 2009 to June 30, 2010		N/A	100	-	100	-	-
Summer Food Service Program	10.559						
July 1, 2009 to June 30, 2010		N/A	8,617	-	8,617	-	-
July 1, 2010 to June 30, 2011		N/A	-	63,332	55,881	-	7,451
Total United States Department of Agriculture			<u>8,717</u>	<u>1,173,842</u>	<u>724,776</u>	<u>429,537</u>	<u>28,246</u>
<b>United States Department of Education</b>							
Passed through Wisconsin Department of Public Instruction							
Title 1 Basic Grant	84.010 *						
July 1, 2009 to June 30, 2010		N/A	140,343	-	140,343	-	-
July 1, 2010 to June 30, 2011		\$ 932,820	-	811,606	741,360	-	70,246
Title 1 Basic Grant - ARRA	84.389 *						
February 17, 2009 to September 30, 2011		\$ 439,036	-	395,618	304,066	-	91,552
Carl Perkins Vocational Education	84.048						
July 1, 2009 to June 30, 2010		N/A	(5,136)	5,136	-	-	-
July 1, 2010 to June 30, 2011		\$ 40,003	-	40,003	36,988	-	3,015
PL 94-142 Idea Flow-Through	84.027 *						
July 1, 2009 to June 30, 2010		N/A	58,851	-	58,851	-	-
July 1, 2010 to June 30, 2011		\$ 686,753	-	567,069	475,880	-	91,189
PL 94-142 Idea Flow-Through - ARRA	84.391a *						
February 17, 2009 to September 30, 2011		\$ 643,258	16,621	287,995	300,254	-	4,362
Title IID Education Technology - ARRA	84.386						
February 17, 2009 to September 30, 2011		N/A	1,118	-	1,118	-	-
Title IIA Teacher and Principal Training	84.367						
July 1, 2009 to June 30, 2010		N/A	31,462	-	31,462	-	-
July 1, 2010 to June 30, 2011		\$ 200,967	-	179,408	108,657	-	70,751
PL 99-457 Pre-School Entitlement	84.173 *						
July 1, 2009 to June 30, 2010		N/A	3,075	-	3,075	-	-
July 1, 2010 to June 30, 2011		\$ 17,533	-	15,129	13,658	-	1,471
PL 99-457 Pre-School Entitlement ARRA	84.392a *						
February 17, 2009 to September 30, 2011		\$ 35,116	817	22,241	21,025	-	2,033

\* Denotes major program

Note: This report is prepared on the accrual basis of accounting

Tomah Area School District  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
 Year ended June 30, 2011

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2010	Expenditures	Revenues		Receivable at June 30, 2011
					Grantor	Local	
<b>United States Department of Education - continued</b>							
Passed through Wisconsin Department of Public Instruction - continued							
Safe and Drug-Free Schools and Community Act	84.186A						
July 1, 2009 to June 30, 2010		N/A	5,529	-	5,529	-	-
Title X-C Homeless Children	84.196						
July 1, 2010 to June 30, 2011		\$ 10,950	-	10,950	10,950	-	-
			<u>252,680</u>	<u>2,335,155</u>	<u>2,253,216</u>	<u>-</u>	<u>334,619</u>
Passed through Western Technical College							
Carl Perkins Tech Prep	84.243						
July 1, 2010 to June 30, 2011		\$ 859	-	858	858	-	-
Passed through Cooperative Educational Services Agency #4							
Title IID Education Technology - ARRA	84.386						
February 17, 2009 to September 30, 2011		N/A	-	600	600	-	-
Passed through Cooperative Educational Services Agency #2							
PL 94-142 Idea Flow-Through	84.027 *						
July 1, 2010 to June 30, 2011		\$ 2,250	-	2,250	2,250	-	-
Direct Programs							
PL 81-874 Impact Aid	84.041						
July 1, 2010 to June 30, 2011		\$ 223,234	-	223,234	223,234	-	-
Indian Education Act	84.060A						
July 1, 2010 to June 30, 2011		\$ 21,762	-	21,762	21,762	-	-
			<u>252,680</u>	<u>2,583,859</u>	<u>2,501,920</u>	<u>-</u>	<u>334,619</u>
<b>United States Department of Health and Human Services</b>							
Passed through State of Wisconsin Health Care Financing Programs							
Medicaid	93.778 *						
July 1, 2010 to June 30, 2011		N/A	-	236,378	195,161	-	41,217
			-	<u>236,378</u>	<u>195,161</u>	<u>-</u>	<u>41,217</u>
<b>United States Environmental Protection Agency</b>							
Passed through Wisconsin Department of Natural Resources							
Diesel Emission Reduction Act (DERA)	66.039						
July 1, 2010 to June 30, 2011		\$ 65,985	-	65,985	65,985	-	-
			-	<u>65,985</u>	<u>65,985</u>	<u>-</u>	<u>-</u>
<b>Total federal financial assistance</b>							
			<u>\$ 261,397</u>	<u>\$ 4,060,064</u>	<u>\$ 3,487,842</u>	<u>\$ 429,537</u>	<u>\$ 404,082</u>

\* Denotes major program

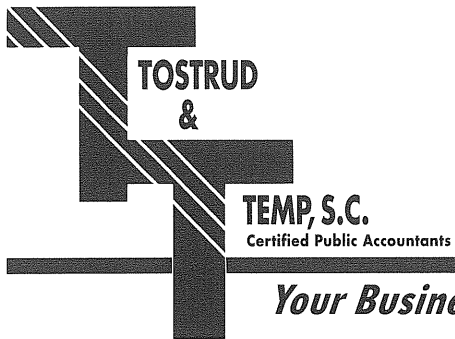
Note: This report is prepared on the accrual basis of accounting

Tomah Area School District  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended June 30, 2011

	I.D. Number	Program or Award Amount	Receivable at July 1, 2010	Expenditures	Revenue		Receivable at June 30, 2011
					State Reimbursements	Local	
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
<b>Cost Reimbursement Programs - Non-major</b>							
Passed through Wisconsin Department of Public Instruction							
Alternative Education Program	255.330						
July 1, 2009 to June 30, 2010		N/A	\$ 7,544	\$ -	\$ 7,544	\$ -	\$ -
American Indian Language Revitalization	255.364						
July 1, 2009 to June 30, 2010		N/A	2,687	-	2,687	-	-
July 1, 2010 to June 30, 2011		\$ 12,575	-	11,366	7,904	-	3,462
Passed through CESA #4							
Alcohol and Other Drug Abuse Programs	255.306						
Peer Mentors							
July 1, 2009 to June 30, 2010		N/A	393	-	393	-	-
Gifted and Talented	255.350						
July 1, 2010 to June 30, 2011		\$ 37	-	37	37	-	-
			10,624	11,403	18,565	-	3,462
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>							
<b>Cost Reimbursement Programs - Non-major</b>							
Youth Apprenticeship	455.107						
July 1, 2010 to June 30, 2011		\$ 10,000	-	10,000	10,000	-	-
			\$ 10,624	\$ 21,403	\$ 28,565	\$ -	\$ 3,462
<b>Entitlement Programs</b>							
Major State Programs (A)							
Handicapped Pupils and School Age Parents:							
Internal District Programs	255.101			\$ 3,822,639	\$ 1,023,012		
Participant in Package Program at CESA #4					2,930		
Total Handicapped Program					1,025,942		
Pupil Transportation	255.107				127,863		
Common School Fund	255.103				125,181		
General Equalization	255.201				20,524,695		
Four Year Old Kindergarten	255.360				129,515		
Total major programs					\$ 21,933,196		
Non-major State Programs (B)							
State School Lunch Aid	255.102				\$ 15,048		
School Breakfast Program	255.344				10,307		
Tuition Payments by State	255.401				24,662		
Total non-major programs					\$ 50,017		
Total Wisconsin DPI					\$ 22,011,778		
<b>WISCONSIN DEPARTMENT OF REVENUE</b>							
Exempt Computer Aid					\$ 38,161		
Total State Assistance					\$ 22,049,939		

NOTE: (A) Major by definition  
(B) Non-major if under \$100,000

**OTHER REPORTS**



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*Your Business Safety Net*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Tomah Area School District  
Tomah, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tomah Area School District, as of and for the year ended June 30, 2011, which collectively comprise the Tomah Area School District's basic financial statements and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Tomah Area School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tomah Area School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tomah Area School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

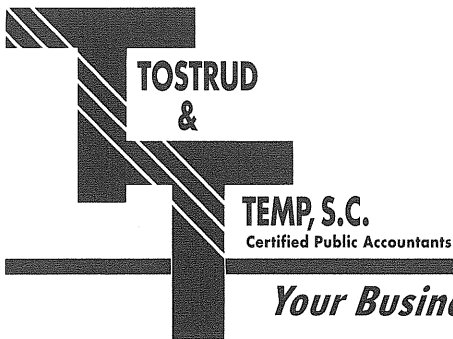
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 11-1 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the board, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 30, 2011



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## *Your Business Safety Net*

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Tomah Area School District  
Tomah, Wisconsin

#### Compliance

We have audited the compliance of the Tomah Area School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended June 30, 2011, and have issued our report thereon dated September 30, 2011. The Tomah Area School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Tomah Area School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.



## Internal Control Over Compliance

The management of the Tomah Area School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the school board, management, and the Wisconsin Department of Public Instruction and is not intended to be, and should not be, used by anyone other than these interested parties.

September 30, 2011

Tomah Area School District  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2011

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified? X yes      \_\_\_ no

Significant deficiency (ies) identified considered to be material weaknesses? \_\_\_ yes      X no

Noncompliance material to the financial statements? \_\_\_ yes      X no

**Federal Awards**

Internal control over financial reporting:

Significant deficiency (ies) identified? \_\_\_ yes      X no

Significant deficiency (ies) identified considered to be material weaknesses? \_\_\_ yes      X no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? \_\_\_ yes      X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Basic
84.389	Title I Recovery
84.027	PL 94-142 IDEA Flow-Through
84.173	PL 99-457 Preschool Entitlement
84.391	PL 94-142 IDEA Flow-Through Recovery
84.392	PL 99-457 Preschool Entitlement Recovery
93.778	Medicaid

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? X yes      \_\_\_ no



Tomah Area School District  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
Year ended June 30, 2011

**Section III - Prior-Year Financial Statement Findings**

10-1 Financial statement preparation - Under SAS 112, management is responsible for preparation and fair presentation of its financial statements. The District relied on its independent audit firm to prepare a draft of the District's June 30, 2010 audited financial statements.

Status: The District states the outsourcing of these services is not unusual in Districts of its size and is a result of management's cost benefit decision to rely on the audit firm's expertise rather than incurring this internal resource cost.

**Section IV - Federal and State Award Findings and Questioned Costs**

None